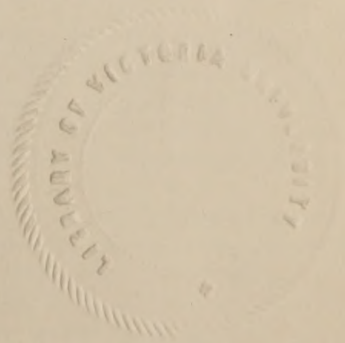


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GOVERNMENT  
OWNERSHIP AND OPERATION  
OF  
TELEPHONES  
IN THE PROVINCE OF  
MANITOBA, CANADA





# The Policy of Government Ownership of Telephones Presented to the People

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Speech of Hon. R. P. ROBLIN, Premier of Manitoba  
at Norwood, November 23rd, 1905

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"The government is now prepared to recommend to the legislature, the establishment of a telephone system in the province of Manitoba, to be owned and controlled by the municipalities and the government jointly, as may be found most advantageous to both."

"The price of telephones should be made so low that laboring men and artisans can have the benefit, convenience and advantage of the telephone as well as the merchant, the professional man and the gentleman of wealth and leisure, and it is our intention to recommend to parliament a proposition of this kind with a view of giving a telephone system to all classes at cost."

## SPECIAL COMMITTEE OF THE LEGISLATURE REPORTS FAVORABLY.

At the ensuing session of the Provincial Legislature a Special Committee was appointed to investigate the proposition for Government Telephone System for the Province. This Committee (Hon. Colin H. Campbell, Chairman,) reported that "independent telephone service could cut the Bell Telephone rates in two and still make a profit." (Journal of the Manitoba Legislature, 1906, page 88).

## SOME GLOWING PROMISES.

Hon. Colin H. Campbell, speaking in the Legislature, March, 1906, in support of the report of the Special Committee, as reported in the *Winnepeg Telegram*, said that "so far as the operation by the Government or the Municipality was concerned, the rates of the Bell Telephone Company *should be more than cut in two.*"

Hon. Colin H. Campbell, Attorney General, at the Convention of the Canadian Independent Telephone Association, September 5th, 1906, said, "The Government of our province will be able to accomplish a result that *will cut the cost of the telephone in two* and will give them much better service than they have heretofore enjoyed."



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Hon. Colin H. Campbell, Attorney General, in an interview published in the *Winnipeg Telegram*, December 10th, 1906, said: "In the country, the reduction will be one-half the existing rates."

Hon. R. P. Roblin, Premier, as quoted in the *Winnipeg Telegram*, December 11th, 1906, said: "It is simply a matter of those who use telephones paying for them, and also only to pay half what the Bell Telephone now charges."

Three or four days later, in an interview published in the *Winnipeg Telegram*, Premier Roblin said: "We will more than cut the Bell figures in two."

Premier Roblin, speaking at Neepawa, December 20th, 1906, (as reported in the *Winnipeg Telegram* of December 21st), said, that one year from that time "they would be able to speak over a Government-owned long distance line from Neepawa to Winnipeg at less than half what is charged by the Bell Telephone Company at the present time."

# PROMISED REDUCTION IN LONG DISTANCE RATES.

In an official pamphlet addressed "To the Electors of Manitoba," issued in the autumn of 1906 by the Manitoba Government in support of their policy of Government ownership of telephones, the following table was included in which the long distance rates, as they would be under Government ownership, were set forth in contrast with the rates then existing on the Bell lines:

## LONG DISTANCE CHARGES FOR THREE-MINUTE CONVERSATION.

| From Winnipeg to—    | Miles | Present Bell Rates | The Gov't Charges will not Exceed these Rates |
|----------------------|-------|--------------------|---|
| Eli .....            | 31    | \$ .30             | \$ .10  |
| High Bluff .....     | 48    | .50                | .15   |
| Morris .....         | 42    | .40                | .15   |
| Dominion City .....  | 56    | .50                | .20   |
| Emerson .....        | 66    | .50                | .25   |
| Macgregor .....      | 77    | .50                | .25   |
| Darlingford .....    | 94    | .60                | .35   |
| Cypress River .....  | 95    | .60                | .35   |
| Pleasant Point ..... | 100   | .75                | .35   |
| Hallsboro .....      | 111   | .75                | .40   |
| Lariviere .....      | 113   | .75                | .40   |
| Douglas .....        | 121   | .75                | .40   |
| Eden .....           | 131   | .75                | .45   |
| Kenney .....         | 141   | .90                | .50   |
| Elgin .....          | 168   | 1.05               | .60   |
| Whitewater .....     | 192   | 1.20               | .65   |

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## FARMERS' SERVICE AT HALF EXISTING RATES PROMISED.

In an official pamphlet entitled "The Manitoba Government & Public Ownership of Telephones," farmers were promised service for \$12.00 per annum, instead of \$24.00 as charged by the Bell Telephone Company.

## A PLEBISCITE OF THE PEOPLE.

A plebiscite of the ratepayers of the Province was taken at the Municipal Elections, December 17th, 1906. The question was submitted to the electors of each Municipality: "Shall this Municipality own and operate its own telephone?" In fifty-five of the one hundred and twenty-eight Municipalities in the Province the answer given by the electors was "Yes," while in sixty-eight Municipalities the answer was "No."

Yet this result was assumed by the Provincial Government of Manitoba to be a mandate to acquire, either by purchase or construction, a provincial telephone system.

## THE GOVERNMENT PURCHASES THE BELL TELEPHONE COMPANY'S PLANT IN THE PROVINCE.

On January 1st, 1908, Premier Roblin, in an interview published in the Winnipeg papers, announced, "We have purchased the Bell System in the Province of Manitoba for \$3,300,000, and have also purchased \$100,000 worth of supplies and equipment. We hope to take charge on January 15th. We shall operate the system by a Commission which will be free from all partyism. We shall issue to the Bell Company, debentures payable in forty years, at par and bearing interest at four per cent.

"We purchased the Bell system," said the Premier, "for the purpose of avoiding the necessity of having a dual telephone system in the Province, and in that way preventing the waste of several millions of dollars of capital as well as the extra cost to the telephone user. I believe, also, that it is a good commercial proposition and whatever profit there is in the operation of the telephone system from this time on will belong to the people of Manitoba rather than to a private company. I am also proud of the fact that we have been able to secure for the people of Manitoba the first complete system of Government-owned telephones on the continent of North America; and am sure, from the information that has been



secured, that the result, as years go by, will prove more and more beneficial to the people."

#### INCREASE IN RATES.

March 1st, 1908, six weeks after taking over the Bell System, the Government Commission announced, through a circular issued by the Winnipeg agent, that the rate previously charged to doctors and nurses in the City of Winnipeg was raised from \$40.00 to \$50.00 per annum for unlimited service. (See *Winnipeg Free Press*, February 21st, 1908.)

#### THE GOVERNMENT MISLEAD.

That the Government of Manitoba is considering the proposition of Government ownership of telephones was misled by the man whom they employed to give them expert information and advice was publicly admitted by Hon. R. P. Roblin, Premier, who, in addressing the Legislature on February 14th, 1908, one month after the purchase of the Bell Telephone Company's plant, said: "He claimed he was a telephone expert, that he had knowledge that would prove, and which if put into effect would establish a system of telephones not only cheaper but much better in service than that of the Bell. We did not know anything about telephones and we admit it. He told a very smooth story and to listen to him you would almost be persuaded he knew what he talked about. We retained him, but as soon as it came down to actual construction and purchase and dealing in material we found the man knew nothing about it and we were compelled to dismiss him." In the same speech the Premier admitted the Government had no reliable data as to what rates should be charged for telephone service. He said: "There is no set of figures available in so far as expenditure is concerned. Twelve months from today we shall be able to discuss it intelligently because we shall have a report."

#### REDUCTION IN RATES.

February 26th, 1909, party line service was introduced in the schedule of rates for Winnipeg, Portage la Prairie and Brandon, individual lines being used exclusively previous to that date. There was also a reduction in the residence rates

in Winnipeg of \$5.00 per annum, in medium exchanges of \$4.00 and smaller exchanges of \$3.00 per annum.—*Free Press* schedule, February 26th, 1909.

Rural line service was also reduced from \$24.00 to \$20.00 and \$30.00 to \$25.00, but it was stipulated that farmers would be required to build at their own expense from the highway to their residences, this expense having formerly been assumed by the Bell Company.—*Free Press*, April 15th, 1908.

#### FARMERS' RATE A LOSING ONE.

In giving evidence before the Public Accounts Committee of the Manitoba Legislature on March 2nd, 1910, Mr. F. C. Paterson, Chairman of the Telephone Commission stated that "a \$20.00 rate for rural service was a losing one, stating that the reduction from \$24.00 to \$20.00 was made by the Government, and not by the Telephone Commissioners."

#### LONG DISTANCE RATES INCREASED.

On May 1st, 1911, the Manitoba Telephone Commission announced that the "half rate" for conversations over the Long Distance lines, between 6 p. m. and 6 a. m. were abolished and that the three-minute basis of charge for long distance conversation was reduced to a two-minute basis, the following being the new schedule:

15 miles or less—10 cents for two minutes, 5 cents each additional minute.

15 to 20 miles—15 cents for two minutes, 5 cents each additional minute.

20 to 30 miles—20 cents for two minutes, 10 cents each additional minute.

30 to 50 miles—25 cents for two minutes, 10 cents each additional minute.

50 to 70 miles—30 cents for two minutes, 15 cents each additional minute.

70 to 100 miles—40 cents for two minutes, 20 cents each additional minute.

100 to 130 miles—50 cents for two minutes, 20 cents each additional minute.

130 to 160 miles—60 cents for two minutes, 30 cents each additional minute.

160 to 190 miles—70 cents for two minutes, 35 cents each additional minute.

In a partial analysis of these rates, the *Manitoba Free Press* of April 13th, 1910, said:

“From an off-hand inspection of the rates, it is aparent that it will work out to very considerable increases all around.”

After making comparisons between present and proposed long distance rates to several points, the *Free Press* says:

“Taking into consideration these facts, together with the reductions of the limit for conversation, and the doubling, in some cases almost the trebling, of the night rates, *it is quite apparent that the cost of long distance telephoning will be just about doubled in the community.*”

#### A COMPARISON OF PROMISES AND RESULTS.

In the following table the schedule presented by the Government when the proposition for Government ownership was before the Electors, the Bell long distance rates, and the proposed Government rates are compared:

| From Winnipeg to—    | Miles | Bell<br>Rates<br>3 minutes | Gov't Rates<br>Promised<br>3 minutes | Gov't Revised<br>Schedule Now<br>in Effect<br>Computed<br>3 minutes |
|----------------------|-------|----------------------------|--------------------------------------|---|
| Eli .....            | 31    | \$ .30                     | \$ .10                               | \$ .35  |
| Morris .....         | 42    | .40                        | .15                                  | .35   |
| High Bluff .....     | 48    | .50                        | .15                                  | .35   |
| Dominion City .....  | 56    | .50                        | .20                                  | .45   |
| Emerson .....        | 66    | .50                        | .25                                  | .45   |
| Macgregor .....      | 77    | .50                        | .25                                  | .60   |
| Darlingford .....    | 94    | .60                        | .35                                  | .60   |
| Cypress .....        | 95    | .60                        | .35                                  | .60   |
| Pleasant Point ..... | 100   | .75                        | .35                                  | .75   |
| Hallsboro .....      | 111   | .75                        | .40                                  | .75   |
| Lariviere .....      | 113   | .75                        | .40                                  | .75   |
| Douglas .....        | 121   | .75                        | .40                                  | .75   |
| Eden .....           | 131   | .75                        | .75                                  | .90   |
| Kenney .....         | 141   | .90                        | .50                                  | .90   |
| Elgin .....          | 168   | 1.05                       | .60                                  | 1.05  |
| Whitewater .....     | 192   | 1.20                       | .65                                  | not quoted  |



## AFTER THREE YEARS EXPERIENCE.

## A HEAVY LOSS IN OPERATING GOVERNMENT TELEPHONE SYSTEM.

In a public interview given by the Chairman of the Telephone Commission to the *Winnipeg Tribune*, November 4th, 1911, he said: "The loss to the Government under the present system has been nearly \$150,000 in the past year." "Further no provision has been made for depreciation." "This loss in value in spite of repairs should be placed at eight per cent."—*Winnipeg Tribune*, November 4th, 1911.

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GOVERNMENT'S CAPITAL EXPENDITURE ON  
TELEPHONE PLANT.

Up to December 31st, 1910, the Manitoba Government's outlay on telephone plant amounted to \$7,500,000. At the last session the Government took power to expend an additional \$2,300,000 in extending the system. This money has doubtless been spent making the total outlay to date about ten million dollars.—*Winnipeg Free Press*, December 20th, 1911.

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## A GENERAL INCREASE IN RATES.

The Telephone Commission on December 12th, 1911, announced a revision of exchange telephone rates for the whole Province. In Winnipeg the unlimited service rates for residences, increased from \$25.00 to \$48.00 per annum—practically doubled. For business the flat rate has been abolished, being replaced by measured service rates. Increases in rates for telephone service are general throughout the Province.—*Winnipeg Telegram*, December 13th, 1911.

From the *Winnipeg Telegram*, December 13th, 1911.

## TELEPHONE RATES REVISED TO MEET VARIED CONDITIONS.

CHAIRMAN PATERSON MAKES AN IMPORTANT ANNOUNCEMENT  
DEALING WITH REVISION OF RATES AND SUBMITS  
NEW SCHEDULE.

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The Telephone Commission yesterday announced a new schedule of rates, as follows:

### **Winnipeg Private Residence Rates.**

#### INDIVIDUAL LINE FLAT SERVICE.

\$4.00 a month, payable monthly. Strict private residence use.

#### INDIVIDUAL LINE MEASURED SERVICE.

\$1.50 a month, payable monthly, which includes the privilege of making 30 calls in that month. Excess calls 2 cents each.

#### INDIVIDUAL LINE PREPAYMENT NICKLE SERVICE.

10 cents a day guarantee; each call 5 cents, but 2 cents rebated by the collector monthly on each call over such guarantee in that month.

#### EXTENSION TELEPHONES, 50 CENTS A MONTH.

A charge of \$2.50 will be made on all new installations. All contracts subject to approval of the Winnipeg Commercial Superintendent.

### **Winnipeg Business and Professional Rates.**

#### INDIVIDUAL LINE MEASURED SERVICE.

\$4.00 a month, which includes the privilege of making 100 calls in that month. Excess calls 2 cents each.

#### INDIVIDUAL LINE PREPAYMENT NICKEL SERVICE.

10 cents a day guarantee; each call 5 cents, but 2 cents rebated by the collector monthly on each call over such guarantee in that month.

Private branch exchange rates on application.

EXTENSION TELEPHONE, WALL OR DESK, \$1.00 A MONTH.

A charge of \$2.50 will be made on all new installations. Incoming calls are not charged to the subscriber receiving them. Wall or desk instrument at option of subscriber. All contracts subject to approval of the Winnipeg Commercial Superintendent.

### Provincial Rates.

CITIES, TOWNS AND RURAL DISTRICTS OUTSIDE OF WINNIPEG.

| Exchanges with Subscribers—                             | Business | Residence | Rural | Rural Net |
|---|----------|-----------|-------|-----------|
| 100 to 200 and under 100, with continuous service ..... | 31.00    | 18.00     | 25.00 | 22.50     |
| Two hundred to three hundred....                        | 32.00    | 19.00     | 26.00 | 23.40     |
| Three hundred to four hundred....                       | 34.00    | 21.00     | 27.00 | 24.30     |
| Four hundred to five hundred....                        | 36.00    | 23.00     | 29.00 | 26.10     |
| Five hundred to one thousand....                        | 40.00    | 24.00     | 31.00 | 27.90     |
| One thousand to five thousand....                       | 45.00    | 27.00     | 36.00 | 32.40     |

Ten per cent. discount for prompt payment of half-yearly accounts in advance.

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Mr. F. C. Paterson, Chairman of the Telephone Commission, made a statement to *The Telegram* in connection with the revised telephone rates. He said:

“In Winnipeg to-day there are 20,000 telephones in use, the number of calls a subscriber is more than double than in the cities of Great Britain, Germany, Australia, and the United States, where measured service is now fully developed.

“This indiscriminate use of the telephone not only produces congestion, but is primarily the first cause for any poor service that may be experienced by the subscriber. It is this waste of 100,000 calls a day that has led the Telephone Commission to recommend to the Government that measured service for Winnipeg can be introduced under conditions that will make the telephone even more reasonable in price than it is under the flat rate.”

### FEWER CALLS, BETTER SERVICE.

“It will reduce the cost of operation to a very large extent, provide a better service, and will be so regulated that the heavy users will pay for the service they receive, and not, as in the past, have such service paid for by the small user.



"The cost of construction is twenty to thirty per cent. higher than it was four years ago. The wages paid to operators and skilled telephone employees is from forty to one hundred per cent. higher than was paid four years ago.

"Winnipeg to-day has five exchanges, with all the cost that that implies in extra investment for switchboards, trunking facilities and extra operators. Winnipeg telephone rates were made when there was only one exchange in a small area, as compared with the larger territory covered to-day.

#### EXCHANGE AREA ENLARGED.

"By referring to the new tariff to be introduced it will be noted that the present exchange area of two miles from the corner of Portage and Main has been increased to three miles without any increased charges for excess mileage. It is also the intention to give to every subscriber within that area from the Main exchange an individual line.

"The placing of two parties on one line is being discontinued. Monthly accounts will be rendered for the initial charge a month, which carries with it a certain number of free calls and an extra charge of two cents for additional calls that have been made during the month.

"It will therefore be seen that many concessions are being made that constitute a loss in revenue, but it is expected that this will be more than made up by the saving in the cost of operation, and the large number of new subscribers that this low monthly instalment plan, instead of six months in advance, will add to the present number.

#### LOW AS BRITISH RATES

"In the cities of Great Britain, where the telephone is controlled and managed by the British Government, the rates are nearly the same as are being introduced in Winnipeg, additional calls being charged at a rate of one penny a call. All business service is measured and a flat rate of \$40.00 is given for large users of residence service.

"In Germany and Australia flat rates for any class of service has been abolished altogether.

"In Denver, Colorado, they have ninety per cent. measured service, with rates somewhat higher than those proposed for Winnipeg.

"In Baltimore, Maryland, where measured service has been used for many years, the rates are considerably higher than proposed in Winnipeg, and all excess calls are charged for at a rate of five cents each. Baltimore to-day has twice as many telephones as Winnipeg. Winnipeg to-day has twice as many as there were in the city three years ago.

#### CONDITIONS OUTSIDE WINNIPEG.

"The greatest development made by Manitoba during its four years of Government ownership of telephones has been in the rural or farming districts, where thousands of miles of lines have been built to give the farmer of this Province one of the greatest advantages that it is possible to give him outside of the post office and schools. As this tremendous development extends it all becomes more expensive to operate and maintain than when the exchanges were small. It has therefore been found necessary to reclassify the exchanges according to the number of subscribers, extent of area covered, and also provide for giving continuous service where it is possible

#### RATES LOWER IN SOME CASES.

"The revised schedule will show that in all exchanges with less than one hundred subscribers having day service only, the rates are even lower than they have been up to the present time. When an exchange has night service and more than one hundred subscribers, the rate will be based on the extra cost that such service involves. As the exchanges grow from one hundred subscribers there will be a slight rise in the rates per annum for each additional one hundred subscribers, because it necessarily means increased cost of operating, maintenance and for replacement of equipment.

#### READJUSTMENT NECESSARY.

"During the last three years there has been no difference made in the rate for an exchange with fifty subscribers, having only a day service, than the large places like Dauphin, Souris, Virden, Neepawa and Carman, all of which have sys-

tens of more than 500 subscribers where it has been found necessary to establish permanent buildings, more expensive switchboard apparatus, and where the exchanges have now reached a size where they demand a readjustment of the rates. All the rates for provincial cities, towns, and rural districts will be subject to ten per cent. rebate for prompt payment semi-annual in advance."

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From the *Winnipeg (Man.) Free Press*, December 15th, 1911.

#### PORTAGE CITIZENS AND PHONE RATES.

Portage la Prairie, December 14.—The new telephone rates make a material change in the rates for Portage la Prairie and district, an exchange with about 700 subscribers. The business 'phone rates are increased from \$35.00 to \$40.00, and the residence 'phones from \$20.00 to \$24.00. The rural 'phones are now \$31.00, which, with the discount for payments six months in advance makes the net cost to the farmers \$27.90.

Mr. Brown, the local manager, when asked about the proposed changes declined to talk, saying he had as yet received no official notice.

The announcement is not received favorably by the citizens of Portage, who look on it as another hold up. Locally the increase is from 12 to 15 per cent., and as compared with the rates when the Government took over the service, about 25 per cent. higher.

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From the *Winnipeg (Man.) Free Press* December 16th, 1911.

#### CARMAN NOT PLEASED WITH RATE CHANGES.

Carman, Man., December 15.—There is a general dissatisfaction in Carman with the new telephone rates. The exchange here, including rural 'phones, comes under the class of 500 to 1,000, and the rates will be \$40.00 for business and \$24.00 for residence 'phones. Patrons are now paying \$20.00



for business and \$15.00 for residence 'phones, so that the rate will be about double, to say nothing of the limited calls to be allowed. One man in Carman has five 'phone connections and his bill, including long distance calls, would aggregate nearly \$200.00. Carman was one of the first towns in Manitoba to inaugurate a telephone system. Some years ago 20 business men put up \$50.00 each and started a telephone system which they operated successfully for several years at \$20.00 per year to shareholders and \$25.00 per year to others in town. The system was sold out eventually to the Bell Company, and a uniform rate of \$24.00 per year charged to all subscribers..

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From the *Winnipeg Tribune*, December 22nd, 1911.

#### FARMERS JOIN IN PROTEST AGAINST INCREASE OF RATES

Two hundred farmers of the Municipality of Morton at a meeting on December 21st, called to consider the proposed telephone rates, passed the following resolution:

"*Resolved*, That in the opinion of this meeting the proposed increase in telephone rates is altogether opposed to previous claims made by and for the Commission. That any change necessary to meet a deficit should be toward a greater economy in operation rather than higher rentals, and that, seeing no justification for any increase in country rates following the recent raise in long distance tolls, we beg the Commission to reconsider this question, failing which, be it resolved that we request removal of our 'phones."

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From the *Winnipeg (Man.) Post*, December 23rd, 1911.

If, as seems clear, the Telephone Commission finds it necessary either to derive a larger revenue from the service or to cut down the expenses of supplying that service, it becomes reasonable and proper for the people of Manitoba, who own the system, to enquire concerning the necessity for such changes.

The Bell Telephone Company, all over the continent, makes money by charging its customers much smaller rates than it is proposed to charge the people of Winnipeg. Government telephones in this Province are not supposed to make money. All that it is necessary for them to do is to pay for themselves. Is it not remarkable that the Bell Telephone Company can make money by charging less than our own Telephone Commission wants to charge, while our Telephone Commission expects to make out of these excessive charges only sufficient to maintain the system? As a well-known fake advertisement says—"There's a reason." Let us suggest some possible reason.

Under public ownership it seems to be the invariable custom for employees to regard themselves as under no obligation to give value for the wages or salaries that they draw. Loafing is looked upon as the right—ancient and inalienable—of every public servant. Consequently, a public utility, operated by a government or a municipality, is invariably operated in an extravagant manner. This does not depend upon the kind of government or municipal administration that we may have. The mental attitude of the average man towards public property is responsible. I regard it as a duty to myself to protect my property and my interests. You regard it as a duty to yourself to protect your property and your interests. But how easy it is for both of us to be careless and neglectful in protecting the property that belongs to both of us and to everyone else!

To come back to the telephone system: I have been told of a case where a telephone line in the country has been run thirteen miles to supply one man. That one man—the only one who uses the line—pays the Commission only the regular price of one telephone! I have been furnished with the details of another case, where a member of a telephone construction gang took his wife and family with him to the construction camp in the spring; kept them with him all summer and fall at the expense of the public—and when he returned home for the winter months, had enough supplies to keep himself and his family until spring again. It is not surprising to note that this person is an ardent public ownership advocate! Another case might be given that would probably be regarded as a reason for the cost of operating government telephones in Manitoba. A citizen of Winnipeg was in his cellar a few mornings ago, when a stranger walked downstairs and ex-

tended the compliments of the season. He was asked who he was and what he wanted. He stated that he was from the Telephone Commission and was there for the purpose of inspecting the telephone. He was assured that the telephone was not in the cellar. He replied that he knew that, but that he wanted to sell a new patented appliance for automatically regulating the heat of the house—a little invention to be attached to the furnace. He was then asked if he, as a telephone employee, was permitted to conduct such a business, and he asserted that it didn't interfere with his duties at all, and that he merely carried it on as a "side line" for his own profit.

When we get employees, whose wages or salaries we are all paying, who adopt this attitude towards the public—and I am assured that we invariably get them under public ownership—how can we expect to have a public utility administered by a government or a municipal administration operated as economically as it would be operated by a private corporation for private gain?

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From the *Winnipeg (Man.) Tribune*, December 20th, 1911.

### WHY THE INCREASE?

Less than a year ago Provincial Treasurer Armstrong, speaking in the Local Legislature, said there was a surplus in the operation of the telephone system for the year of \$110,038.58. His own language:

"I think it brings the total treasury surplus from the system (telephone) for three years to \$450,000."

The Provincial Treasurer said further:

"We estimate an earning capacity from the system next year (1911) of \$1,300,000, and we believe that it will cost one million dollars for operation and maintenance."

What has happened?

What has become of the \$450,000?

What of the \$300,000 profits for the year 1911?

Surely it is Mr. Armstrong's turn to explain.



From the *Montreal Daily Star*, November 6th, 1911.

### MANITOBA'S TELEPHONES.

Manitoba is having some difficulty with its telephone system to the unconcealed delight of those interested in proving that it is expensive, unsatisfactory and generally undesirable for provinces or municipalities to meddle with public utilities. There is a deficit of \$150,000, and, since government-ownership of telephones does not come under the head of provincial philanthropic activities, some means will have to be devised by the time the Legislature meets for persuading the telephone users of Manitoba to pay more money for the same service, a task which is only one degree less difficult for a government than it is for a private corporation.

The explanation of why the estimated cost of operating the telephone service fell so far short of the actual, will interest every community which is undertaking or contemplates undertaking the discharge of functions which it has hitherto hired corporations to perform. Theoretically there is no reason why telephone employees working for the Manitoba government should not do their work as efficiently and as economically as they would if their employers were a joint stock company; in practice there is a discrepancy which last year found expression in the \$150,000 deficit. And what is true of telephones would be equally true of railroads or telegraphs or any one of a dozen other activities. Before a universal remedy can be applied, it is necessary to discover what is apparently the common cause of trouble. If Manitoba can throw any light on this question, it will be cheap at several times \$150,000.

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From the *Glace Bay (N. S.) Gazette*, November 9th, 1911.

### GOVERNMENT OPERATION OF TELEPHONES IN MANITOBA.

For several years the Province of Manitoba has owned the telephone system within its borders. At first a profit was earned, and a great deal was said, chiefly by supporters and party friends of the Roblin government, about the excellent service and the low rates. In the fiscal year recently closed,

however, the operation of the system showed a deficit of \$150,000. Not so much is being said now about the advantage and benefit of Provincial ownership and operation of public utilities.

The telephone system in Manitoba has been considerably extended since the Government took it over. Improvements have been installed, costing a good deal of money. It seems to be admitted that the reason for the deficit in the year's operations is that the rates are too low to cover a proper return on the capital invested and to meet the cost of operation; and that extensions probably through political influence, have been unwisely made without sufficient attention to the important question as to whether they would be profitable or even pay their way.

Manitoba is simply repeating the history of public ownership and government operation of public utilities practically wherever it has been tried. Government or municipal operation is seldom successful. Usually one of four reasons, sometimes all four, can be blamed for the failure, viz., unwise and premature extensions of service to unprofitable districts; the interference of political influence with good business judgment; the lack of initiative and enterprise in looking for new business; or the fixing of rates too low to cover all the incidental expense.

It remains to be seen whether the Manitoba Government has the business ability and courage to face the situation and cope with it. It takes business ability, not political astuteness, to manage a telephone business successfully, while politicians will require courage to risk becoming unpopular by discontinuing unprofitable service in some districts and raising the rates all around to a sufficient figure to cover the annual outlay.

From the *Montreal (Que.) Gazette*, December 18th, 1911.

The Government of Manitoba, which controls the telephones of the Province, found that the rates which it was charging were not sufficient to make the service maintain itself, whereupon it adjusted them to effectively meet the situation. Now it is being criticised for its action. Some of the advocates of public ownership of utilities seem to have thought that, having got the Government to take over the service, it would be easy to get cheap telephones by putting a part of the cost on the general taxpayers. In the end it may

be just as well all round that in this they were disappointed. It is not well to put the cost of a personal service for some of the people on all the people.

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From the *Winnipeg (Man.) Free Press*, December 22nd, 1911.

### SERIES OF SURPRISES.

The following letter from J. A. Fraser is a sample of a large number of protests against the new rates received by the Free Press:

To the Editor of the *Free Press*:

Sir:—The new telephone rates as announced in papers Wednesday morning came on us like a thundercloud, unexpected, unmerited and surely unjustified. When the Government bought out the Bell Telephone Company it was with the promise of supplying the telephone to the people of the city and country at cost, which was declared to be about half what the Bell Company were charging at that time. About the first change made by the Government was to reduce the time of the long distance from 3 to 2 minutes without reducing the tariff. This was rather a surprise and merited an explanation, but none was made; then a slight reduction was made in the rates, but no report from the department has ever been submitted to enable the people to see how the enterprise was paying. Then the next surprise was sprung last spring when the night rate was cut out on the long distance calls. This, although a big step down from corporation rates, was nothing to the dose sprung on us this week.

If this is a sample of Manitoba Government-ownership then let us sell out again to some corporation which can manage a telephone system in a manner that will make it pay without charging double what all other properly managed concerns are charging their patrons.

If the Government can show that it is costing anything like the proposed rates, then there must be gross mismanagement somewhere. As long as it can be shown that corporations can supply service to other Canadian cities and counties at the rates in force there our Government may rest assured the people will never stand for the schedule proposed this week. Let us have a full explanation of costs and receipts, in any event.

H. A. FRASER.

Winnipeg, December 15.











